

FUNCTION 150: INTERNATIONAL AFFAIRS

This function includes operation of the foreign affairs establishment including embassies and other diplomatic missions abroad; foreign aid grants and technical assistance activities in less developed countries; security assistance to foreign governments; foreign military sales made through the Foreign Military Sales Trust Fund; U.S. contributions to international financial institutions and international organizations; the Export-Import Bank and other trade promotion activities; and refugee assistance.

	(\$ Billions)						
	1999 Actuals	2000	2001	2002	2003	2004	2005
President's Budget:							
Budget authority	37.9	20.6	21.5	22.4	22.8	23.3	24.0
Outlays	15.2	17.1	19.6	19.1	19.3	19.5	19.9
OMB Baseline:							
Budget authority	37.9	19.0	21.6	22.5	23.1	23.6	24.2
Outlays	15.2	16.5	18.6	18.4	19.0	19.4	19.9
Budget compared to OMB Baseline:							
Budget authority	---	1.7	-0.1	-0.1	-0.3	-0.2	-0.3
Outlays	---	0.5	1.0	0.7	0.3	0.1	0.1

The President's budget for 2001 increases budget authority for international affairs by \$2.5 billion, or 13 percent above the 2000 level.

The President's request for 2001 discretionary spending in international affairs totals \$22.8 billion. The OMB baseline overstates totals by inflating one-time payments made in 2000 for the following programs: \$0.4 billion for arrears to the United Nations¹, \$0.1 billion for arrears to international financial institutions, and \$1.8 billion in one-time emergency funding for implementing the Wye River peace accords.

Once these amounts are excluded from the 2000 levels, the adjusted 2000 discretionary baseline level equals \$20.0 billion. The President's budget request for 2001 of \$22.8 billion increases budget authority for international affairs by \$2.8 billion, or 14 percent from the adjusted 2000 level.

Major program increases (in descending order) are listed below:

¹Section 314 of the Budget Act allows for up to a \$1.884 billion total adjustment for arrearages to budgetary totals and the discretionary caps in fiscal years 1998-2000.

- < The largest increase in the budget is the President's request for \$1.1 billion for **Embassy Security, Construction and Maintenance** in 2001, an increase of \$340 million over 2000 levels, or a 46 percent increase. The request includes increased funding for worldwide security upgrades and construction of facilities in South Africa, Syria, Brazil, Bulgaria, and Armenia. The increase is in addition to the President's request for a 2000 emergency supplemental and the request for advance appropriations detailed below.
- < The President's request for the **Multilateral Development Banks (MDBs)** totals \$1.4 billion in 2001. In 2000, \$77 million was appropriated for arrears and subject to Section 314 adjustments (see note 1). This is not the case in 2001 since the adjustment expired in 2000; therefore the President's request is effectively a \$321 million increase over the 2000 adjusted levels, or a 31 percent increase. The MDBs with the largest increases include the **Global Environmental Facility** (+\$140 million), the **International Development Association** (+\$65 million), the **Asian Development Fund** (+\$34 million) and a new request of \$26 million for the **Inter-American Development Bank**.
- < The 2001 budget requests \$3.2 billion for direct appropriations for the **State Department Programs** account, \$295 million more than the 2000 level, or a 10 percent increase. Of the \$295 million increase, \$156 million is for security upgrades and \$17 million is for the Capital Investment Fund. The increase is in addition to the President's request for a 2000 emergency supplemental detailed below.
- < The President's request for **Development Assistance** totals \$1.5 billion, an increase over the 2000 level of \$266 million or 22 percent. Of this increase, \$169 million is for additional funding for international family planning programs, \$33 million is to support the Global Forest and Biodiversity Initiative, and \$30 million is for the International Clean Energy Initiative. Additionally, the President requests \$659 million in a separate **Child Survival and Diseases Fund**, a \$45 million increase over 2000 and to be used for HIV/AIDs activities in Africa.
- < The President requests \$568 million for **International Narcotics Control and Crime** activities, a \$256 million increase over enacted 2000 levels designated for assistance to **Colombia**. These amounts are in addition to the President's 2000 supplemental request.
- < The budget proposes \$739 million for **Contributions to International Peacekeeping Activities (CIPA)**, an increase of \$241 million or 48 percent over 2000 levels to support new or ongoing United Nations peacekeeping operations in regions such as Kosovo, Bosnia, East Timor, the Western Sahara and the Democratic Republic of Congo. The increase is in addition to the President's request for a 2000 emergency supplemental detailed below for Kosovo and East Timor.
- < The 2001 request for the **Export-Import Bank** totals \$1.0 billion, a 27 percent increase over the 2000 level of \$796 million. The increase is to cover the higher cost of international lending from higher risk levels resulting from the international financial crisis and also includes an \$8

million increase for computer modernization.

- < The 2001 budget includes a request for **Debt Reduction** to be dedicated to the Highly Indebted Poor Countries (HIPC) debt relief program and is in addition to the President's 2000 supplemental request and request for advance appropriations detailed below. The 2001 request for \$262 million is a \$139 million increase over 2000 levels, or 113 percent and includes \$75 million for US bilateral debt relief, a \$150 million contribution to the World Bank's HIPC Trust Fund and \$37 million for debt relief for countries with tropical forests under the Tropical Forest Conservation Act.
- < **Funding for the Middle East** is requested in two accounts, the Economic Support Fund and Foreign Military Financing. If the one-time 2000 emergency funding for the Wye River peace accords (\$1.8 billion) is excluded, the President's request of \$3.5 billion increases the total for **Foreign Military Financing** by \$124 million, or 4 percent. Funding for the Middle East is higher by \$65 million, but traditionally legislated earmarks for military assistance to Israel and Egypt are deleted.² The request for the **Economic Support Fund** reduces economic aid to Israel by \$120 million and Egypt by \$40 million.
- < The \$2.3 billion request for the **Economic Support Fund** is \$53 million higher than the 2000 level and includes \$28 million to compensate China for damage to its embassy in Yugoslavia.
- < The budget proposes \$610 million for **Assistance to Eastern Europe and the Baltic States** in 2001, a \$77 million or 14 percent increase from 2000. The increase is in addition to the President's request for a 2000 emergency supplemental for **Kosovo** and Southeastern Europe as detailed below.
- < The President's budget requests \$946 million for **Contributions to International Organizations**, a \$66 million or 8 percent increase from 2000.
- < The 2001 request for \$244 million includes a \$62 million increase in funding for **International Organizations and Programs** or a 34 percent increase over 2000. The increase includes \$50 million for US contributions to the Global Alliance for Vaccines and Immunizations and \$25 million for the United Nations Population Fund.
- < The President requests \$830 million for **Assistance to the New Independent States of the Former Soviet Union**, an increase of \$53 million once funding for Science Centers is

²Also deleted by the President is appropriations language in 2000 affecting the early disbursement of Israel's military assistance that produced \$550 million in outlay savings in 2000. This will increase outlay estimates in 2001.

subtracted from 2000 levels.³ This includes \$87 million for the Expanded Threat Reduction Initiative.

- < The 2001 budget request for **Non-proliferation, anti-terrorism and demining activities** totals \$312 million, an increase of \$37 million or 14 percent over 2000 (see note 3). Of this increase, an additional \$8 million is requested for the **Comprehensive Test Ban Treaty (CTBT) Preparatory Commission**, \$20 million for the **Korean Peninsula Energy Development Organization (KEDO)**, and \$35 million for anti-terrorism assistance over 2000 levels.
- < The President's request for **P.L. 480** programs totals \$837 million, a \$37 million or 5 percent increase over 2000 levels.
- < The 2000 budget requests a \$31 million, or 13 percent increase, in funding for the **Peace Corps** to a level of \$275 million in 2001.
- < The President requests \$54 million for the **Trade and Development Agency (TDA)**, a \$10 million or 23 percent increase from 2000. Of this amount, \$5 million is to fund the Administration's International Clean Energy Initiative.

1999 Supplemental Requests

Three supplemental requests are included in the President's 2001 budget. These supplementals total \$1.7 billion in 2000, and all but \$210 million is requested as an emergency.

- < The budget includes a request for \$624 million in 2000 emergency supplemental funding to address needs in **Kosovo, Southeast Europe and East Timor**. The funding will be used for democratic and economic reforms in Kosovo, Croatia and Montenegro, supporting the democratic opposition in Serbia, building of US facilities in Kosovo, and peacekeeping activities in Kosovo and East Timor and are detailed as follows:

Embassy Security and Construction	\$239 million
Assistance to Eastern Europe (SEED)	\$195 million
Contributions to International Peacekeeping	\$107 million
Foreign Military Financing	\$ 31 million
State Dept. Diplomatic & Consular Affairs	\$ 24 million
AID Operating Expenses	\$ 22 million
Educational and Cultural Exchanges	\$ 4 million

³Funding for Science Centers is requested in the Non-proliferation, Anti-terrorism and Demining account in 2001.

International Military Education & Training \$ 3 million

- < A total of \$954 million is requested in a 2000 supplemental request for **Assistance to Colombia**, of which \$818 million is in function 150 and is requested as an emergency⁴. In addition to the supplemental, the budget requests \$318 million as part of the regular 2001 request, of which \$256 million is in function 150.
- < As part of the Administration's multi-year **debt relief** request, \$210 million is requested as a 2000 supplemental offset through revenue increases.⁵

Advance Appropriations Request

In addition to \$210 million requested in 2000 as a supplemental and \$262 million in the 2001 request, President requests the following advance appropriations for **debt relief**:

2002	\$240 million
2003	\$135 million

The \$240 million requested in 2002 is for US contributions to the World Bank's HIPC Trust Fund and the \$135 million requested in 2003 is for US bilateral debt relief. The multi-year request for debt relief in the President's 2001 budget totals \$847 million.

In addition to \$239 million requested in the 2000 supplemental for Kosovo and \$1.1 billion in the 2001 budget, the President requests **a total of \$3.4 billion for embassy security activities** in advanced appropriations at the following levels:

2002	\$650 million
2003	\$800 million
2004	\$950 million
2005	\$950 million

The six-year request for embassy security and construction activities from 2000 to 2005 totals \$4.7 billion.

⁴In addition to function 150, \$136 million is requested in 2000 in the Department of Defense request for Assistance to Colombia.

⁵In addition to the request for appropriations, the President requests the authority in 2000 to use the remaining 5/14ths of the proceeds on the investment of profits from off-market gold sales by the IMF as authorized in P.L. 106-113 to finance the IMF's debt relief program.

